

Sale Name: EDSEL THIN

CT2.11# - TIMBER SUBJECT TO AGREEMENT (06/1972)

In addition, there is within Sale Area an unestimated quantity of:

Species	Product
Combined Hardwood	Fuelwood

that shall be Included Timber upon written agreement.

CT2.35# - DESIGNATION OF TIMBER AND SUBDIVISION/PAYMENT UNIT BOUNDARIES (08/2007)

Trees are designated for cutting under BT2.35# only if designated as shown in the Timber Designation table below. The boundaries of Payment Units are designated as shown in the Boundary Designation table below. Trees used for boundary designation are not to be cut.

See Table A

Sale Name: EDSEL THIN

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CT4.211 - DOWNPAYMENT (06/2007)

The downpayment amount shown in AT15 may not be applied toward any other payment required under the provisions of this contract, except damages determined pursuant to BT9.4, transferred to other timber sales, or refunded until (a) stumpage value representing 25 percent of the total bid value of the timber sale is shown on Timber Sale Account to have been cut, removed, and paid for, or (b) the estimated value remaining to be cut and removed, as shown on Timber Sale Account, is equal to or less than the amount of the downpayment, or (c) if 36 CFR 223.49(e) is applicable, the estimated value remaining to be cut and removed, as shown on Timber Sale Account, is equal to or less than the amount of the downpayment. For lump sum timber sales, the downpayment may be applied to payment for release of the single payment unit.

If Forest Service makes a determination that this contract should not have been included under increased downpayment requirements (36 CFR 223.49(e)), the downpayment shall be revised and applied in accordance with 36 CFR 223.49(f).

CT4.212 - TEMPORARY REDUCTION OF DOWNPAYMENT (08/2009)

Notwithstanding BT4.211 or CT4.211, upon the Purchaser's written request Forest Service may temporarily reduce the downpayment when Purchaser's scheduled operations are delayed or interrupted for 30 or more consecutive days, or the contract term is extended for 30 or more consecutive days for any of the following reasons:

- (1) Forest Service requests or orders Purchaser to delay or interrupt scheduled operations for reasons other than breach;
- (2) Purchaser interrupts or delays scheduled operations to work on a sale designated by the Forest Service as in urgent need of harvesting; or
- (3) An adjustment of the contract term authorized upon a determination of substantial overriding public interest, including a market-related contract term addition, or an urgent removal contract term extension under 36 CFR 223.53.

When Purchaser is not cutting or removing timber under contract during a qualifying period of delay, interruption, or extension listed above the downpayment may be reduced to \$1000 or 2 percent of the downpayment amount stated in the contract, whichever is greater. The Purchaser must restore the downpayment to the full amount stated in the contract within 15 days from receipt of the bill for collection and written notice from the Contracting Officer that the basis for temporarily reducing the downpayment no longer exists. Purchaser shall not cut or remove timber on a contract where the downpayment has been temporarily reduced until the downpayment amount stated in the contract is fully restored.

CT5.11# - REQUIREMENTS OF RIGHTS-OF-WAY AND LAND USE AGREEMENTS (05/2008)

Contract requirements for Rights-of-Way and land use agreements are listed in the following table.

See Table A

Sale Name: EDSEL THIN

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CT5.125# - SHARE COST ROAD LIABILITY INSURANCE (08/2006)

Purchaser is authorized to use cooperative roads constructed under provisions of Michigan California Lumber Company, Cooperator, and Forest Service, and subsequent easements, supplements, and agreements thereto, available for inspection at the Forest Supervisor's Office, Yreka, California, and subject to the following liability insurance requirements.

Purchaser shall provide a satisfactory certificate of insurance covering Purchaser's and all subcontractor's operations on cost share roads referred to above.

Purchaser shall present the certificate of insurance to Forest Service prior to use of cost share roads.

Insurance shall be of the following form and limits:

Comprehensive Automobile Bodily Injury/Property Damage Liability Insurance covering all owned, leased, hired and non-owned automobiles.

<u>Minimum limits:</u>	<u>\$1,000,000</u>	<u>per person bodily injury or death</u>
	<u>\$1,000,000</u>	<u>per occurrence bodily injury or death</u>
	<u>and \$1,000,000</u>	<u>per occurrence property damage or a combined</u>
	<u>single limit of \$1,000,000</u>	

In addition to above, Purchaser and Purchaser's assigns shall carry the following limits of insurance for the purpose of covering fire suppression expense, property damage to timber land due to fire, and property damage to non-owned automobiles and equipment due to fire.

Comprehensive General Liability Bodily Injury/Property Damage Insurance for minimum limits of:

	<u>\$1,000,000</u>	<u>per person bodily injury or death</u>
	<u>\$1,000,000</u>	<u>per occurrence bodily injury or death</u>
	<u>and \$1,000,000</u>	<u>per occurrence property damage or a combined</u>
	<u>single limit of \$1,000,000</u>	

Such Comprehensive General Liability policy shall include an endorsement covering fire suppression expense, property damage to timber land due to fire, and property damage to non-owned automobiles and equipment due to fire. Said endorsement shall have minimum property damage limits of \$ 1,000,000 and be designated separately on the Certificate of Insurance.

The Certificate of Insurance shall require insurance carrier to notify Cooperator by mail ten (10) days prior to cancellation or expiration of above coverage. The Certificate of Insurance shall also name The Cooperator as additionally insured solely as respects operations conducted by or on behalf of the Purchaser involving use of the cost shared roads referred to above.

Sale Name: EDSEL THIN

CT5.31# - ROAD MAINTENANCE REQUIREMENTS (07/2001)

Purchaser shall maintain roads in accordance with the following Contract Road Maintenance Requirements Summary:

See Contract Road Maintenance Requirements Summary Table.

Sale Name: EDSEL THIN

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CT5.35# - ROAD AND WATER SUPPLY USE (05/2008)

National Forest water supply locations, access, method of filling trucks, period of water availability and procedures designed to maintain water quality at each location shall be agreed in advance of use. Such use shall at no time reduce water supplies to the level that further use may be detrimental to aquatic resources or other established use. Waterholes and other improvements relating to said water supplies shall be put into condition, prior to expected seasonal periods of precipitation or runoff, to avoid resource damage.

Damage to resources at such locations caused by Purchaser's Operations, other than fire suppression activities, shall be repaired by Purchaser in a timely and agreed manner to the extent practicable to restore and prevent further resource damage.

Unless otherwise agreed, Purchaser's use of roads and other water supply requirements shall conform to the following table.

See Table A

Sale Name: EDSEL THIN

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CT6.24# - SITE SPECIFIC SPECIAL PROTECTION MEASURES (04/2004)

Special protection measures needed to protect known areas identified on Sale Area Map or on the ground include:

Cultural Resource Protection Measures: None

Wildlife and Botanical Protection Measures: Streamcourses shown on Sale Area Map have a 50-foot Buffer Strip. Trees may be endlined out of this Buffer Strip. There are good crossing sites of the western-most swale located at the shallowest longitudinal and lateral gradients. The crossing areas shall be back-bladed and covered with slash after operations. The buffer on the eastern-most swale is from the top of the channel side slopes. Crossings will be designated on the ground by Sale Administrator prior to use.

The private road accessing the lower portion of the project area has a low water crossing on Pat Ford Creek. If wet weather haul is planned, this crossing should be rocked, creating a porous ock fill, to reduce introduction of sediment to stream course.

Cave Resource Protection Measures: None

CT6.314 - RELEASE OF PAYMENT UNIT (08/2006)

Except for Specified Road Payment Units, Forest Service shall not Release for Cutting more Payment Units than can be logged within 60 calendar days at Purchaser's normal rate of logging. Unless otherwise agreed in writing, upon completion of all contract requirements in a Payment Unit, additional Payment Units may be Released for Cutting.

CT6.315# - SALE OPERATIONS SCHEDULE (08/2006)

Unless otherwise agreed in writing, Purchaser's Operations shall be performed in accordance with the following schedule:

See Table A

Sale Name: EDSEL THIN

CT6.331 - LOG TRUCKING (08/2006)

To promote safe operations on National Forest roads and on Specified Roads, loads shall be safely secured before trucks move from the landing or loading location.

CT6.37 - SUBSTITUTE METHODS (08/2006)

Notwithstanding other provisions herein, for minor changes such as changes in logging systems for areas smaller than 5 acres, Purchaser and Forest Service may agree in writing that use of substitute methods or equipment will achieve Forest Service objectives under this contract and may be used in lieu of those specified for Purchaser's Operations.

CT6.41# - FELLING, BUCKING, AND LIMBING (08/2007)

Unless otherwise agreed in writing, Purchaser's felling, bucking, and limbing operations shall be conducted as specified in the table below.

See Table A

Sale Name: EDSEL THIN

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CT6.42# - GROUND BASED SKIDDING (08/2006)

Unless otherwise agreed in writing, the method of skidding Included Timber shall be as shown on the Sale Area Map, by areas, with symbols defined in the following table:

See Table A

Sale Name: EDSEL THIN

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CT6.5 - STREAMCOURSE PROTECTION (08/2006)

Unless otherwise agreed in writing, wheel or track laying equipment shall not operate within "Buffer Strips" except as necessary for fire suppression activities. "Buffer Strips" are areas marked on the ground or are within the distances identified on the Sale Area Map measured from the apparent high water mark of streamcourses. Boundaries of Buffer Strips may be modified by agreement in writing to meet unforeseen operating conditions.

Culverts, bridges, or other suitable structures shall be required on skid roads and trails only at points where it is necessary to protect Stream courses. The type of crossing structures, method of installation and removal shall be determined by agreement. Purchaser in accordance with CT6.6 - Erosion Prevention and Control, shall remove such structures and associated fills.

Damage to Stream course or Buffer Strips caused by unauthorized Purchaser's Operations shall be repaired by Purchaser in a timely and agreed manner to the extent practical as determined by Forest Service to restore and prevent further damage to Stream courses.

CT6.6# - EROSION PREVENTION AND CONTROL (05/2008)

Erosion prevention and control work, including Streamcourse protection, required by CT6.5 and BT6.6 shall be completed within 15 calendar days after skidding operations related to each landing are substantially completed or after Forest Service designation on the ground of work where such designation is required hereunder. Said time limit shall be exclusive of full days lost in Purchaser's Operations due to causes beyond Purchaser's control. Such on the ground designation shall be done as promptly as feasible unless it is agreed that the location of such work can be established without marking on the ground. After September 15 and as long thereafter as operations continue the work shall be done as promptly as practicable. Damage resulting from Purchaser's Operations due to failure to perform required work shall be repaired by Purchaser.

Notwithstanding other provisions in this contract and unless otherwise agreed in writing, any hay, straw, or mulch used in this contract shall be State of California certified weed free.

Additional erosion control requirements of this contract are listed in the following table.

See Table A

Sale Name: EDSEL THIN

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CT6.7# - SLASH TREATMENT (08/2006)

Purchaser shall pile, scatter, yard, construct firelines or otherwise treat slash defined in specifications below, within designated areas. Work required of Purchaser shall be in accordance with the following slash plan and specifications, and the Sale Area Map.

All vegetative debris associated with construction of Specified Roads such as unutilized timber, brush and grubbed stumps is Construction Slash. Measures to be taken by Purchaser for treatment of Construction Slash are set forth in the attached road construction specifications and in the attached slash treatment specifications.

Vegetative debris larger than 1 inch in diameter outside bark and 3 feet long resulting from Purchaser's Operations, other than Construction Slash, is Logging Slash. Measures to be taken by Purchaser for treatment of Logging Slash are set forth below unless otherwise agreed in writing.

Forest Service and Purchaser shall jointly develop a schedule for completion of slash treatment on the various portions of Sale Area prior to Purchaser's Operations.

Removing may be substituted for treatment of any other specified method.

By agreement in writing, certain slash may be left for fuelwood. When the specified treatment is by a combination of methods, Logging Slash not treated by one of the methods shall be treated by the other(s).

See the slash treatment specification table below.

See Table A.

Sale Name: EDSEL THIN

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CT6.8-2# - MEASURING - OPT 2 (08/2006)

Timber quantity estimates in AT2 were made as described in the Forest Service Handbook FSH 2409.12, Timber Cruising Handbook, available for inspection in the offices of the Forest Supervisor and District Ranger. When trees are marked after date of sale advertisement, or when volume is added pursuant to BT2.13, BT2.131, BT2.132, BT2.133, BT2.134, BT2.14, BT2.37, BT2.4, CT2.134, CT2.135, CT2.371, or other authorization hereunder, each tree that is less than 25 inches in diameter breast height (DBH) and has less than 25% visible defect shall have its volume determined from the following table.

Trees greater than or equal to 25 inches DBH; trees with more than 25% defect; or trees from species or diameter groups shown as "N/A" in the table below shall be measured using procedures in FSH 2409.12 and shall use the "R5 Cubic Foot Volume Tables to a Utilization Top", 9/97.

See Table A

Sale Name: EDSEL THIN

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CT6.83 - ACCOUNTABILITY (08/2006)

Forest Service and Purchaser shall agree upon the haul route(s) prior to use. All products removed from Sale Area shall be transported over the designated route of haul.

Purchaser shall:

(a) Require truck drivers to sign form R5-2400-242, product removal permit, assure permit is attached to the load prior to removal from the Sale Area and while in transit to load destination.

(b) Assign a competent individual at the landing to record the following information for each load on the product removal permit provided by Forest Service:

1. Date and time load is punched out with a paper punch or equivalent
2. Truck ID or license number
3. Load destination

Used books of product removal permits (stub portion) shall be returned to the Forest Service at least weekly, unless otherwise agreed.

(c) Require truck drivers to stop for transportation inspections, if requested by Forest Service, when products are in transit from Sale Area to Purchaser's processing facility(s).

(d) Inform truck drivers of the designated route(s) of haul, the agreed upon location(s) for transportation inspections, the method of alerting drivers of an impending stop, and the fact that loads may be inspected at other locations where it is safe and possible to do so.

(e) Require truck drivers to assure the product removal permit is secured to each load of product (including chip vans, dump trucks or other container used for removing material) on the front lower corner of the drivers side of the load. Staple product removal permits to a log or attached piece of wood or other suitable material. Product removal permit shall remain attached to log until manufactured into products or if chips, until load has been unloaded. After logs are processed or load of chips unloaded the product removal permit shall be either destroyed or otherwise rendered unusable, unless otherwise agreed.

CT7.2# - SPECIFIED FIRE PRECAUTIONS (10/2010)

Purchaser or a designated Purchaser's Representative shall certify compliance with specific Timber Sale Contract and California Public Resources Code (CPRC) fire precautionary measures in BT7.1 Plans, CT7.2 and CT7.22#. Certification shall be provided prior to starting operations during Fire Precautionary Period and shall be updated as needed.

Listing of specific fire precautionary measures in the following subsections is not intended to relieve Purchaser in any way from compliance with State fire laws covering fire prevention and suppression equipment applicable to Purchaser's Operations.

Upon request of Forest Service, Purchaser shall permit and assist in periodic testing and inspection of required fire equipment.

The following definitions shall apply to CT7.2# and CT7.22#:

Active Landing: A location the Purchaser is skidding logs into, or performing other operations such as delimbing, log manufacturing, and chipping logs. Except for EV and E days, loading logs or stockpiled chips only on a cleared landing does not constitute an Active Landing.

All Terrain Tank Truck or Equivalent: An all terrain fire vehicle or trailer that is capable of traversing same terrain as the Hot Saw Technology or masticator and meets all Item L - Tank Truck specifications. A towed sled is not equivalent.

Approved Motorized Carriage: A cable yarding system employing a motorized carriage with two fire extinguishers, with a minimum rating of 5 BC, mounted on opposite sides of the carriage, with an emergency motor shut-off, and an approved exhaust system.

Cable Yarding Systems: A yarding system that takes logs from the stump area to a landing using an overhead system of winch-driven cables to which logs are attached with chokers or grapples.

Compressed Air Foam System (CAFS): A fire suppression system where compressed air is added to water and a foaming agent (See CT7.2# Item M. for requirements).

Fire Patrolperson: A named individual that is required to patrol the operating areas of the contract area and report any fire starts (See Item E. for requirements).

Hot Saw: A harvesting system that employs a high-speed (>1100 rpm) rotating felling head (i.e., full rotation lateral tilt head).

Immediate Vicinity: Purchaser's required fire suppression equipment is capable of containing a 20 by 20-foot fire within five minutes of detection.

Mechanical Operations: The process of felling, skidding, chipping, shredding, piling, log processing and/or yarding which requires the use of motorized power which includes, chainsaws, chippers, motorized carriages, masticators, stroke delimiters, skidders etc.

Shutdown Threshold: Unless a Variance is provided, specific equipment or activities are suspended from operating past this point.

Variance: A Forest Service approved action that may provide the Purchaser with an opportunity to continue to operate when conditions reach "Shutdown Threshold" on a PAL Ev afternoon.

Specific equipment requirements and fire precautionary measures are shown in the following table and in CT7.22#:

Sale Name: EDSEL THIN

See the following table.

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CT7.22# - EMERGENCY PRECAUTIONS (10/2010)

Purchaser's Operations shall conform to the limitations or requirements in the Project Activity Level (PAL) table below. Unless otherwise agreed in writing, Project Activity Levels applicable to this project shall be for the Fire Danger Rating Area(s), or fire weather station(s) stated in the Sale Area Map legend.

The Forest Service, in its sole discretion, may change the predicted activity level if the current fire suppression situation, weather and vegetation conditions warrant an adjustment of the PAL activity level. If practicable, Forest Service will determine the following day's activity level by 6:00 PM. Purchaser shall obtain the predicted Project Activity Level from the appropriate Ranger District Office before starting work each day.

Forest Service may change the Project Activity Level Table to other values upon revision of the National Fire Danger Rating System. When sent to Purchaser, the revised Project Activity Levels will supersede the levels in the Project Activity Level Table below.

PROJECT ACTIVITY LEVEL (PAL) - CT7.22# - EMERGENCY PRECAUTIONS

PROJECT ACTIVITY LEVEL TABLE

Sale Name: EDSEL THIN

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CT8.212 - MARKET-RELATED CONTRACT TERM ADDITION (11/2008)

The term of this contract may be adjusted when a drastic reduction in wood product prices has occurred in accordance with 36 CFR 223.52. The Producer Price Index used to determine when a drastic reduction in price has occurred is stated in AT17. Purchaser will be notified whenever the Chief determines that a drastic reduction in wood product prices has occurred. If the drastic reduction criteria specified in 36 CFR 223.52 are met for 2 consecutive calendar quarters, after contract award date, Contracting Officer will add 1 year to the contract term, upon Purchaser's written request. For each additional consecutive quarter such a drastic reduction occurs, Contracting Officer will, upon written request, add an additional 3 months to the term during Normal Operating Season, except that no single 3-month addition shall extend the term of the contract by more than one year. Contracting Officer must receive Purchaser's written request for a market-related contract term addition before the expiration of this contract.

No more than 3 years shall be added to a contract's term by market-related contract term addition unless the following conditions are met:

(i) The sale was awarded after December 31, 2006; and

(ii) A drastic reduction in wood product prices occurred in at least ten of twelve consecutive quarters during the contract term, but not including the quarter in which the contract was awarded.

For each qualifying quarter meeting the criteria in paragraphs (i) and (ii) of this provision, the Forest Service will, upon the Purchaser's written request, add an additional 3 months during the normal operating season to the contract, except no single 3-month addition shall extend the term of a contract by more than 1 year.

In no event shall a revised contract term exceed 10 years as a result of market-related contract term addition.

Additional contract time may not be granted for those portions of the contract that have a required completion date or for those portions of the contract where Contracting Officer determines that the timber is in need of urgent removal or that timber deterioration or resource damage may result from delay.

CT8.4 - PERFORMANCE BY OTHER THAN PURCHASER (04/2004)

This provision adds subparagraph (b) (iii) to BT8.4 as follows:

(iii) Specifically assumes in writing the obligations of Purchaser as listed in Small Business Certification executed by Purchaser and attached to and made a part of this contract.

CT8.66# (Option 1) - USE OF TIMBER (04/2004)

(a) This contract is subject to the Forest Resources Conservation and Shortage Relief Act of 1990, as amended (16 USC 620, et seq.).

(b) Except for Port Orford-cedar determined pursuant to public hearing to be surplus, unprocessed Included Timber shall not be exported from the United States nor used in direct or indirect substitution for unprocessed timber exported from private lands by Purchaser or any person as defined in the Act (16 USC 620e).

(c) Timber in the following form will be considered unprocessed:

(i) Trees or portions of trees or other roundwood not processed to standards and specifications suitable for end product use;

(ii) Lumber, construction timbers, or cants intended for remanufacturing not meeting standards defined in the Act (16 USC 620e); and

(iii) Aspen or other pulpwood bolts exceeding 100 inches in length.

(d) Unless otherwise agreed in writing, unprocessed Included Timber shall be delivered to a domestic processing facility and shall not be mixed with logs intended for export.

(e) Prior to award, during the life of this contract, and for a period of 3 years from Termination Date, Purchaser shall furnish to Forest Service, upon request, records showing the volume and geographic origin of unprocessed timber from private lands exported or sold for export by Purchaser or affiliates.

(f) Prior to delivering unprocessed Included Timber to another party, Purchaser shall require each buyer, exchangee, or recipient to execute an acceptable agreement that will:

(i) Identify the Federal origin of the timber;

(ii) Specify domestic processing for the timber involved;

(iii) Require the execution of such agreements between the parties to any subsequent transactions involving the timber;

(iv) Require that all hammer brands and/or yellow paint must remain on logs until they are either legally exported or domestically processed, whichever is applicable; and

(v) Otherwise comply with the requirements of the Act (16 USC 620d).

(g) No later than 10 days following the execution of any such agreement between Purchaser and another party, Purchaser shall furnish to Forest Service a copy of each such agreement. Purchaser shall retain, for 3 years from Termination Date, the records of all sales, exchanges, or dispositions of all Included Timber.

(h) Upon request, all records dealing with origin and disposition of Included Timber shall be made available to Contracting Officer.

(i) For breach of this Subsection, Forest Service may terminate this contract and take such other action as may be provided by statute or regulation, including the imposition of penalties. When terminated by Forest Service under this Subsection, Forest Service will not be liable for any Claim submitted by Purchaser relating to the termination.

Sale Name: EDSEL THIN

CT8.73 - REQUIREMENT FOR SMALL BUSINESS PROCESSING (04/2004)

To meet the requirements of the small business timber sale set-aside program, Purchaser shall not sell, trade, exchange, or otherwise convey for processing more than 30 percent (50 percent in Alaska) of the advertised sawtimber volume of this sale to a concern that is not a small business within the meaning of the small business size regulations found in 13 CFR 121.507.

Purchaser shall, at the time of execution of this contract, complete the "Small Business Certification" (SBA form 723) and submit it to Contracting Officer. The completed certification together with its provisions pertaining to the disposition, manufacturing, and record keeping requirements of Included Timber by Purchaser and other small business concerns is hereby made a part of this contract.

Upon request of Contracting Officer or an officer of the Small Business Administration, Purchaser shall furnish all records sufficient to verify eligibility and compliance with the requirements of this program. Such records may include employee payroll records, disposition of Included Timber records, and other documents as necessary.

Failure to provide records upon request, filing false information, or making false statements relating to SBA size status or failing to comply with the disposition and manufacturing requirements of Included Timber shall be considered a breach of this Subsection and may result in termination of this contract pursuant to BT9.31.